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SUBJECT: Argentine Government Responds Calmly to GSP Review

Refs: (A) State 69463
(B) 2006 Buenos Aires 1985

Summary and Comment

¶1. (SBU) The GoA's response to the removal of Argentine biodiesel from receiving duty-free treatment after a review of the Generalized System of Preferences (GSP) program was measured. A Foreign Ministry press release on the review didn't mention the removal, and a GoA Minister said there was "no animosity" in the decision. This calm response is a welcome departure from what occurred in 2006 (ref B), when the U.S. Trade Representative announced that Argentina's eligibility for the GSP program would be reviewed. At that time, then-President Nestor Kirchner made harsh public statements following press reports which called that review a political "reprisal." End Summary and Comment.

¶2. (SBU) Econoff advised U.S. Desk Officer Marcelo Cesa of the results of USTR's annual GSP review on June 30, shortly after the information was posted on the USTR website. Cesa commented that Argentine exports of biodiesel - the lone Argentine product affected by the change - had already fallen considerably in 2009 due to the elimination of the "splash and dash" subsidy in late 2008. (U.S. International Trade Commission data indicates that U.S. imports of biodiesel from Argentina had fallen 75% y-o-y in the first four months of 2009, to \$39 million, including just \$851,000 in April 2009.)

GoA Public Comments Neutral and Factual

¶3. (U) The Foreign Ministry issued a brief press release on the main page of their website on July 1. The release was entitled "Argentina Explains the Scope of Annual GSP Revision," and said (informal translation of the complete text): "The U.S. Administration published the results of the annual Generalized System of Preferences (GSP) revision yesterday, which involves numerous products from diverse countries. The system establishes that if a country's exports to the U.S. exceed \$135 million dollars or 50% of total U.S. imports of a given product, it will be considered sufficiently competitive and excluded from the program."

¶4. (U) According to a comment provided exclusively to leading daily Clarin, Minister of Production Debora Giorgi said that "These measures imply no animosity toward our country, but rather are reviews that affect specific products, not countries. The United States determines that these products do not need a duty-free benefit to compete in their market. We will evaluate the way this impacts or affects our products, and our exports, and later we will

make an appropriate presentation to the U.S. government."

KELLY